

# STATE ADVISORY RESOURCES

South Dakota Workers Compensation System  
March 2023

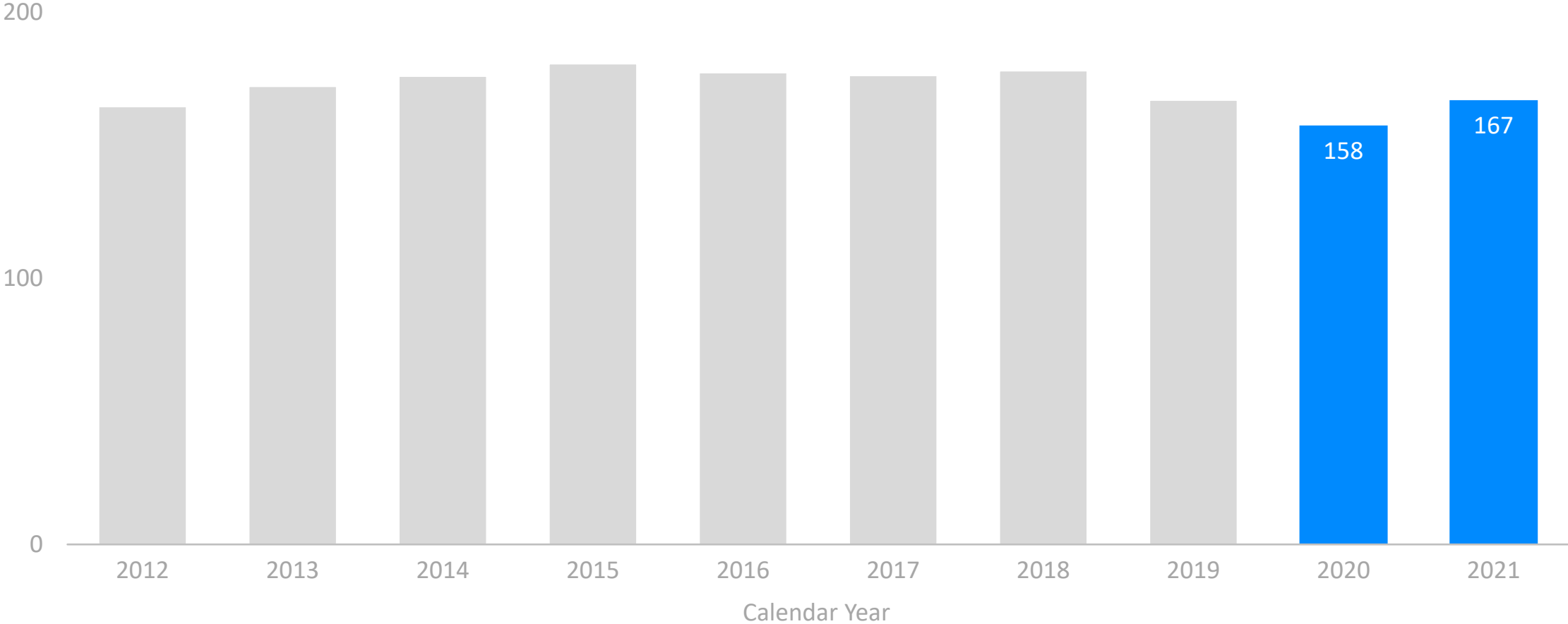


# South Dakota Workers Compensation System— An Overview

- Written premium volume increased in the latest year
- Accident year combined ratios continue to be favorable
- Lost-time claim frequency continues to decline
- Indemnity and medical severities exhibit some variability

# South Dakota Premium Volume

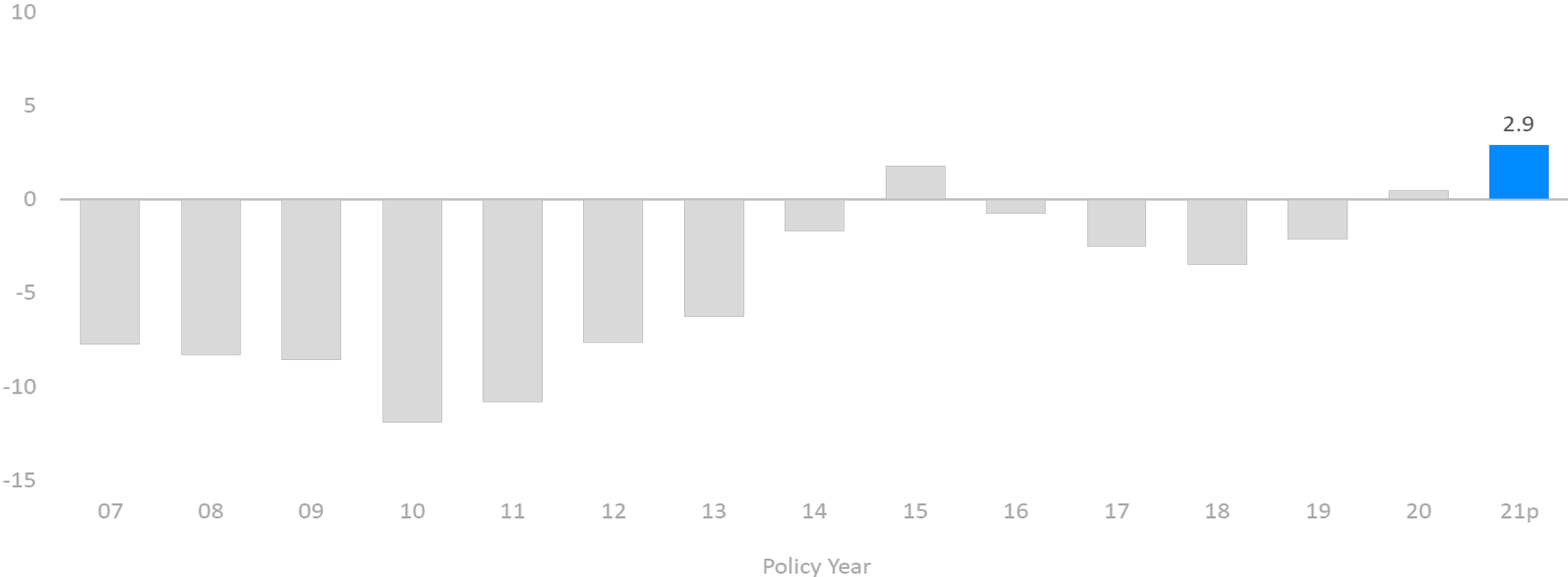
Direct Written Premium in \$ Millions



Source: NAIC's Annual Statement data.



# Impact of Discounting on Workers Compensation Premium in South Dakota



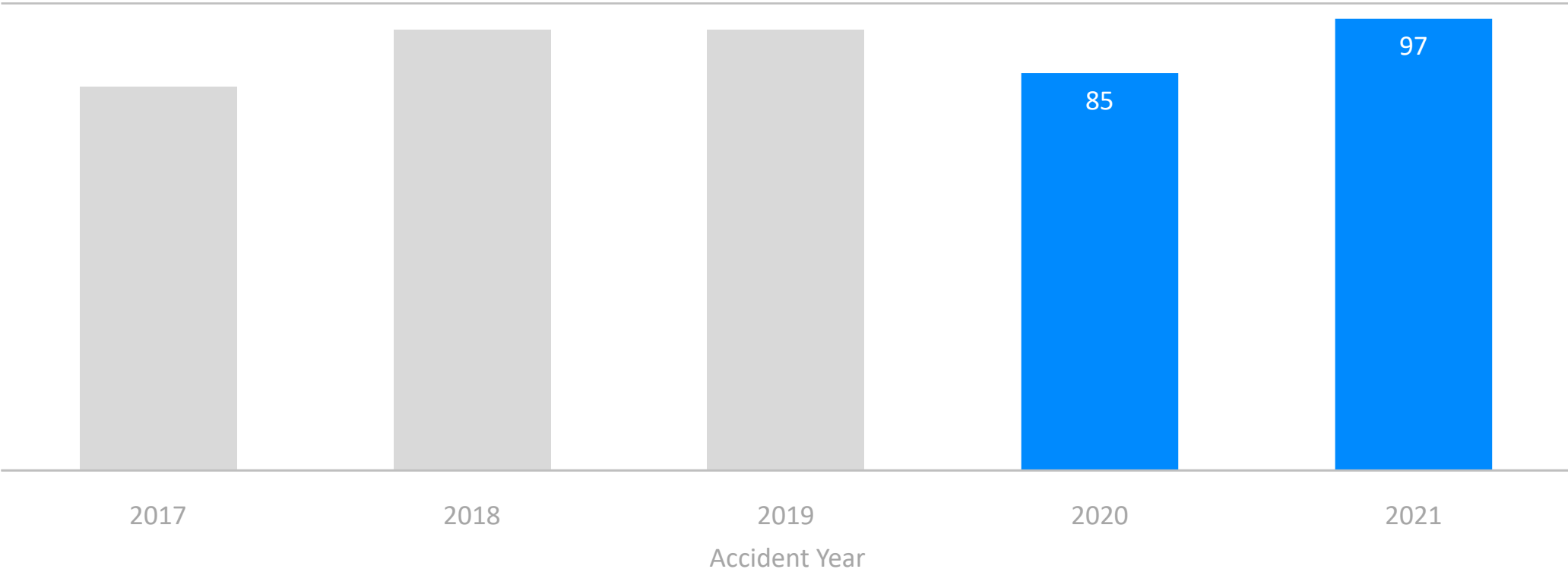
p Preliminary.  
Based on data through 12/31/2021.



# South Dakota Combined Ratios

Percent

100

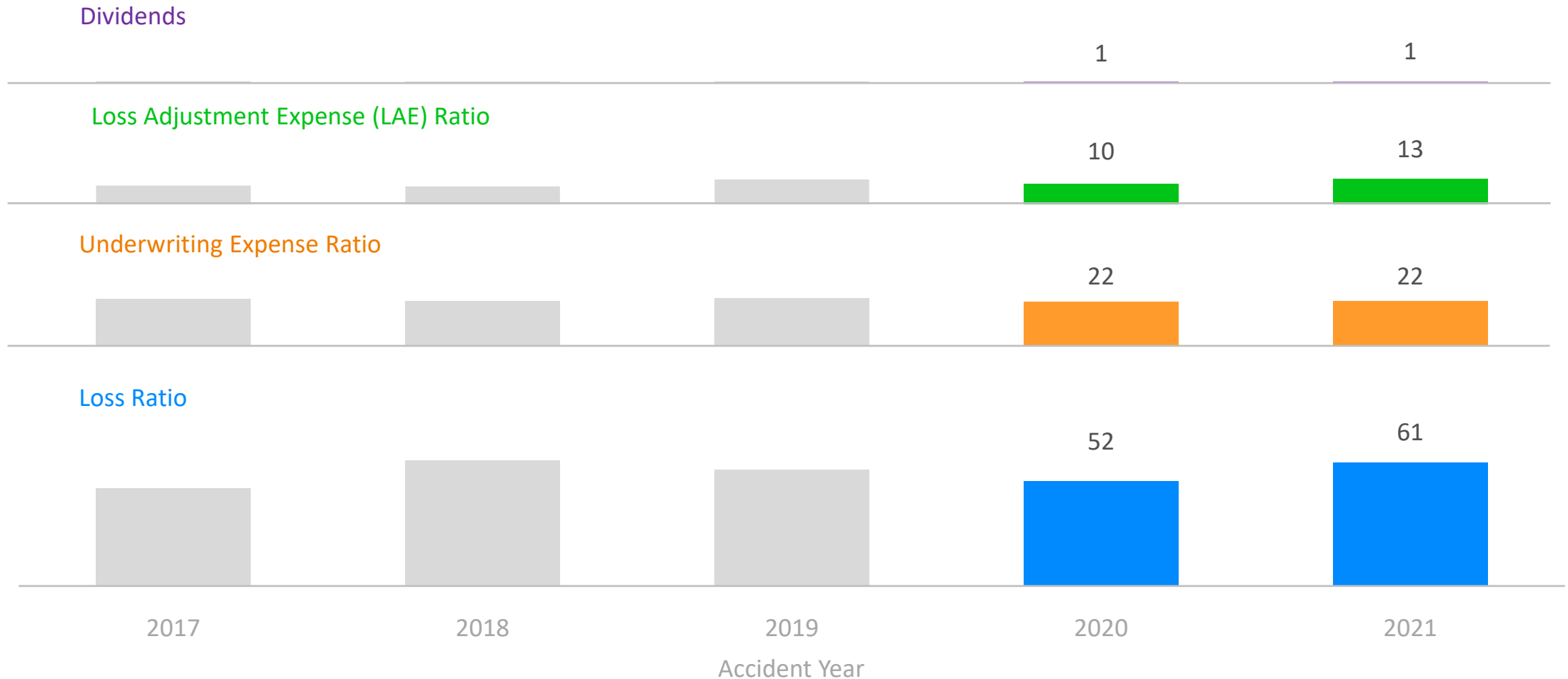


Sources: NCCI's Financial data through 12/31/2021 and NAIC's Annual Statement data.



# South Dakota Combined Ratios by Component

Percent

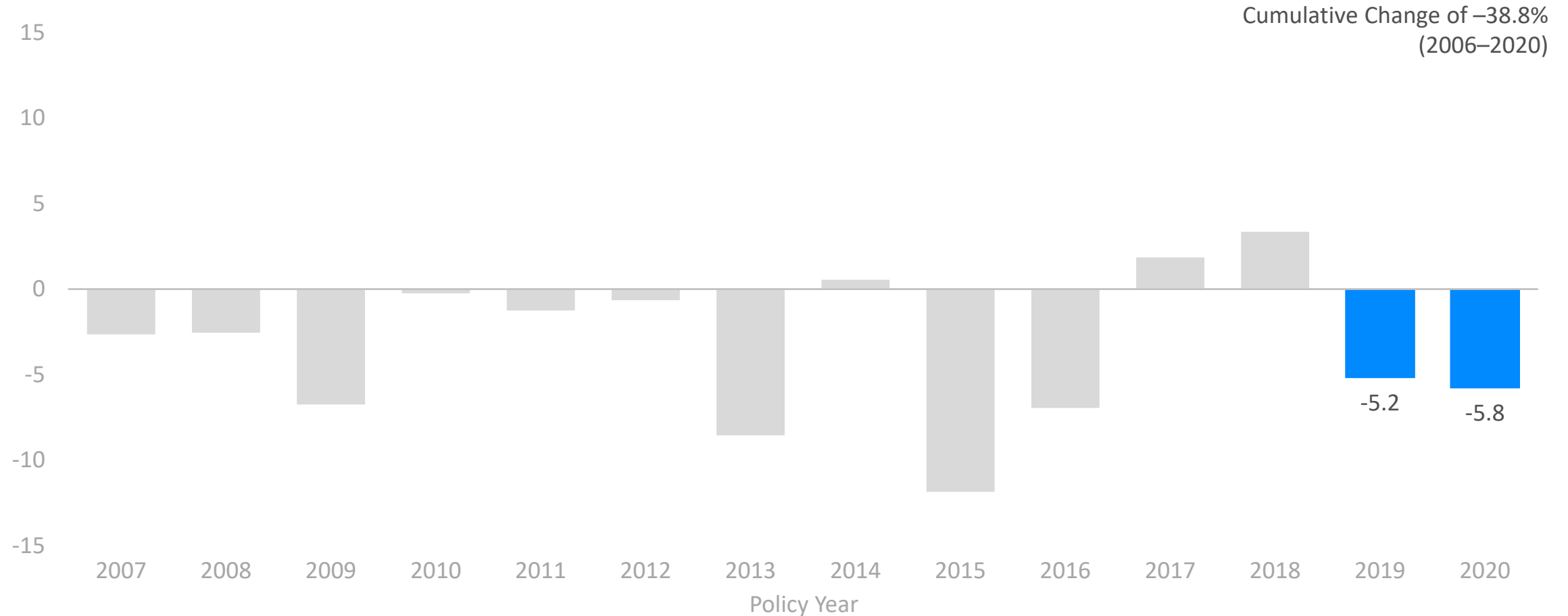


Sources: NCCI's Financial data through 12/31/2021 and NAIC's Annual Statement data.



# South Dakota Change in Claim Frequency

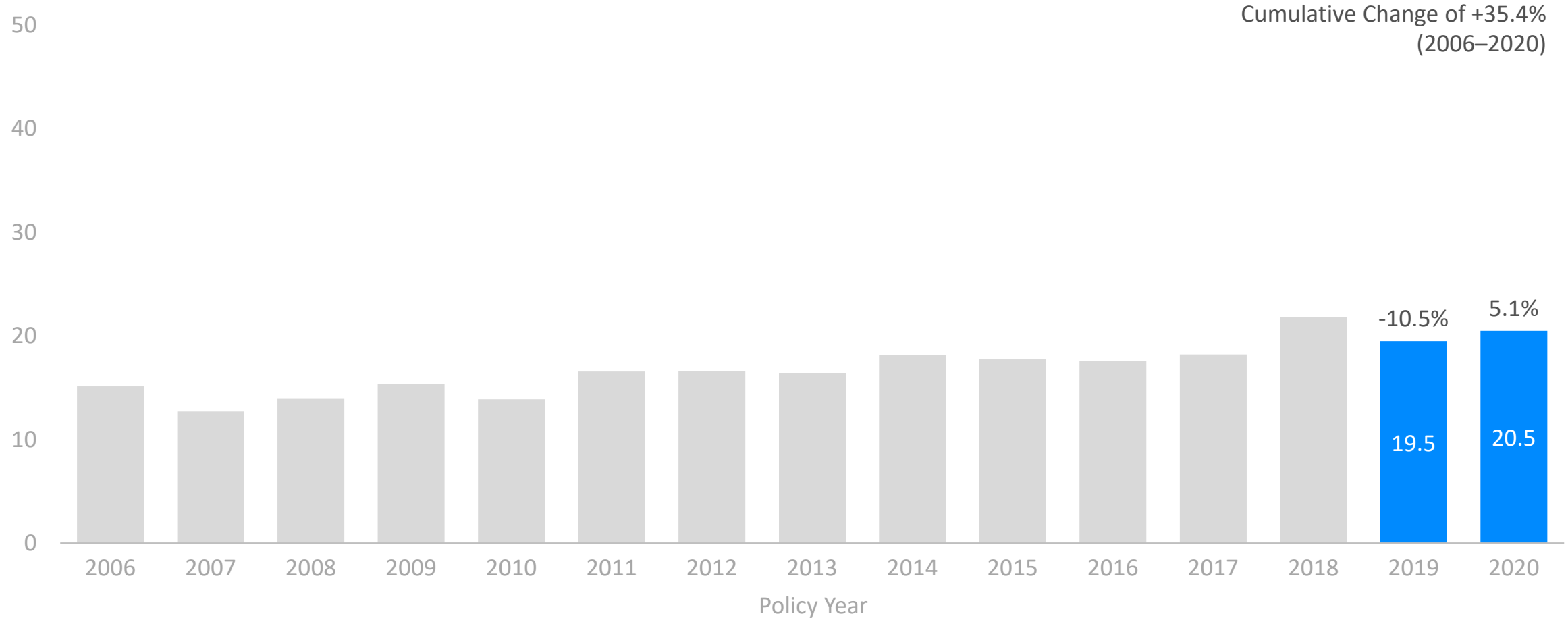
Percent Change in Lost-Time Claims, per \$ Million of On-Levelled Premium



Based on NCCI's Financial data through 12/31/2021, on-levelled, and developed to ultimate, with premium adjusted to common wage level.

# South Dakota Average Indemnity Claim Severity

Lost-Time Claim Severity in \$ Thousands



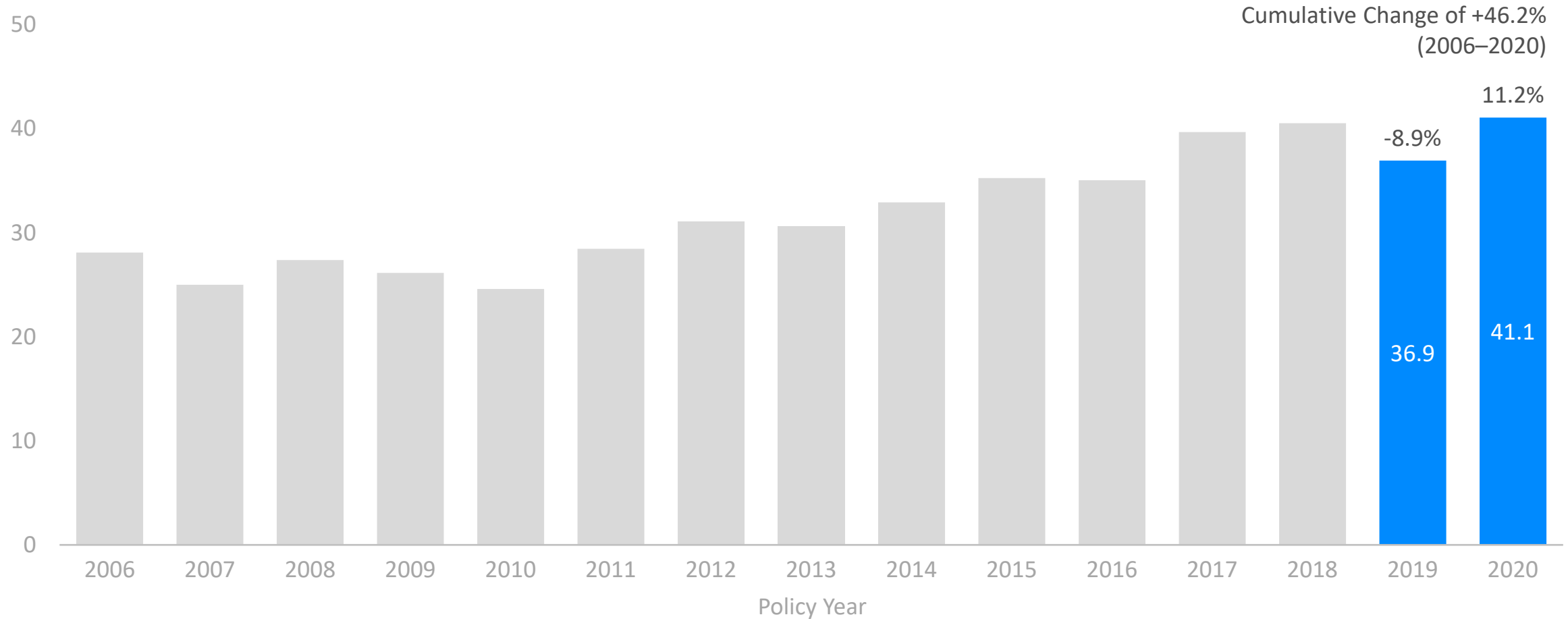
Based on NCCI's Financial data through 12/31/2021, on-leveled, and developed to ultimate.





# South Dakota Average Medical Claim Severity

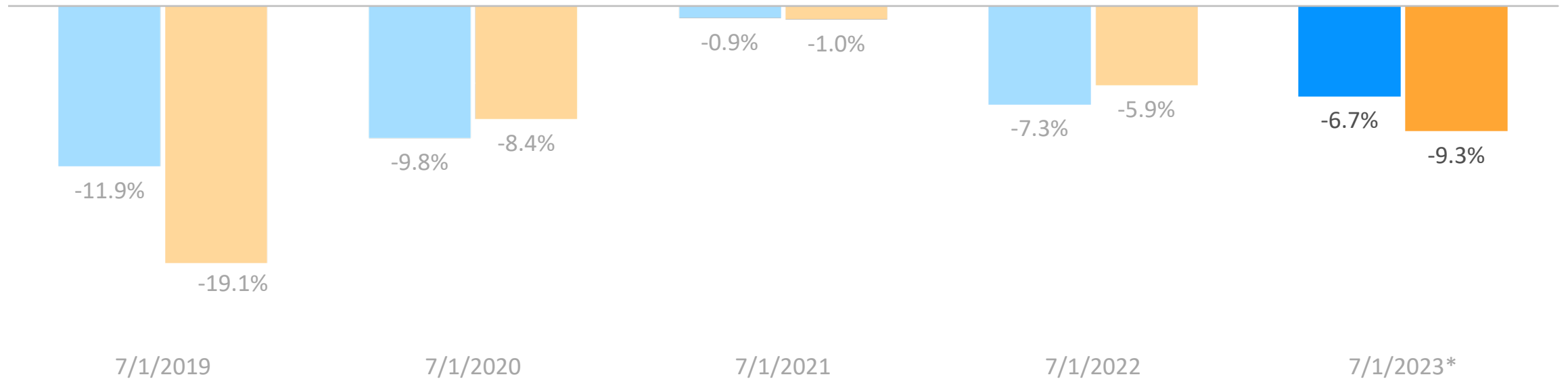
Lost-Time Claim Severity in \$ Thousands



Based on NCCI's Financial data through 12/31/2021, on-leveled, and developed to ultimate.  
Note that medical-only losses are included in the numerator.

# South Dakota Filing Activity

Voluntary Loss Cost and Assigned Risk Rate Changes



\*Pending.

# South Dakota July 1, 2023 Loss Cost Filing

Change in Experience:	-4.2%
Change in Trend:	-2.8%
Change in Benefits:	+0.0%
Offset for Change in Differential:	+0.2%
<hr/>	
Overall Loss Cost Level Change:	-6.7%

# South Dakota Economic Drivers



Finance



Agriculture

Source: Moody's Analytics.

# South Dakota Economic Assets and Challenges

## ■ Assets

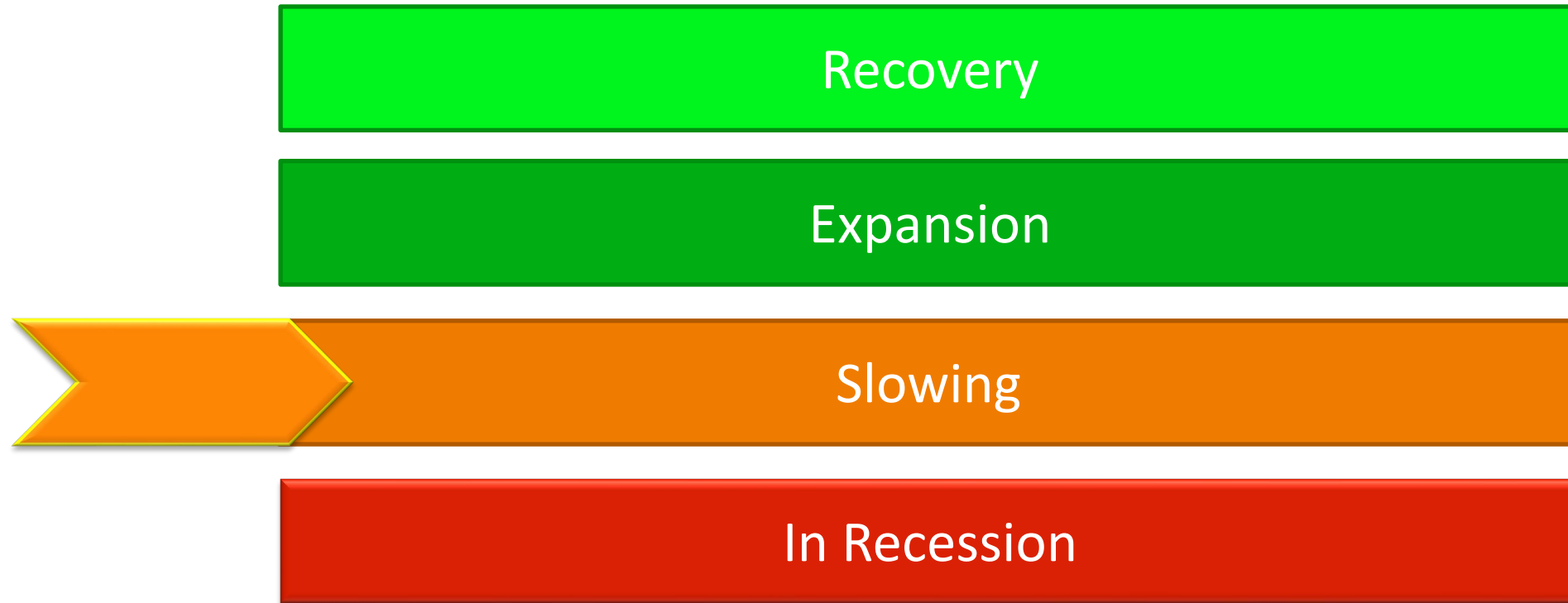
- Welcoming business conditions with lower costs
- No state personal income tax
- Affordable housing
- Rising labor market participation

## ■ Challenges

- Economy is largely anchored by agriculture and subject to unpredictable commodity prices
- Reliance on fluctuating tourism cycles as a revenue stream

Source: Moody's Analytics.

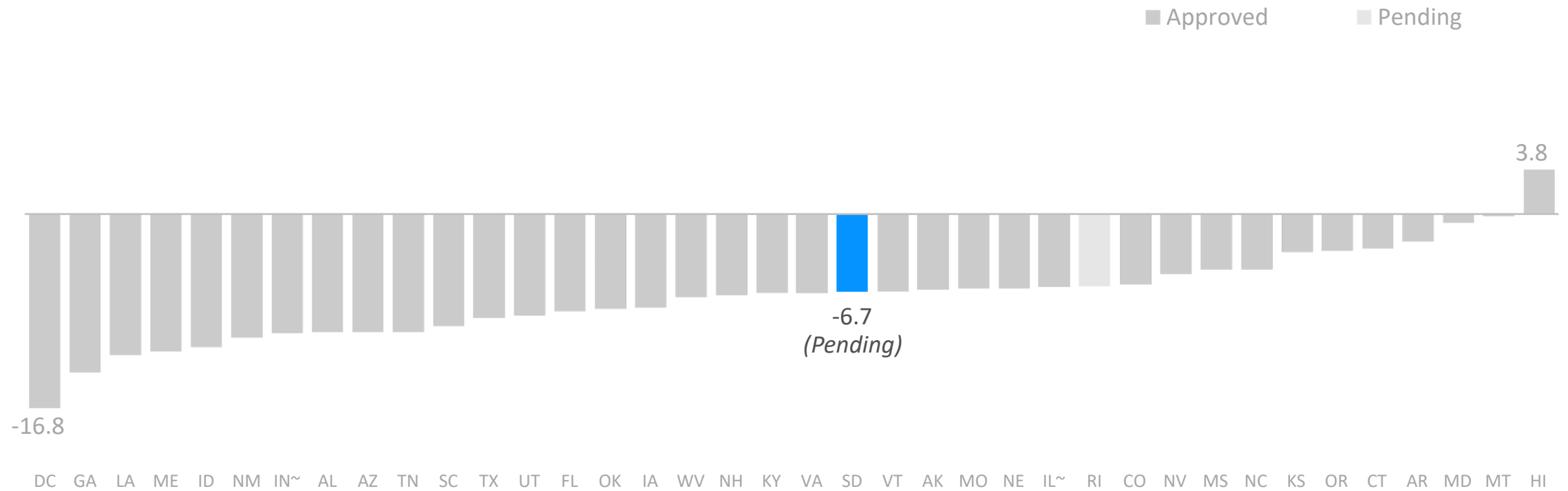
# South Dakota Business Cycle Status



Source: Moody's Analytics.

# Current NCCI Voluntary Market Loss Cost/Rate Level Changes

Excludes Law-Only Filings

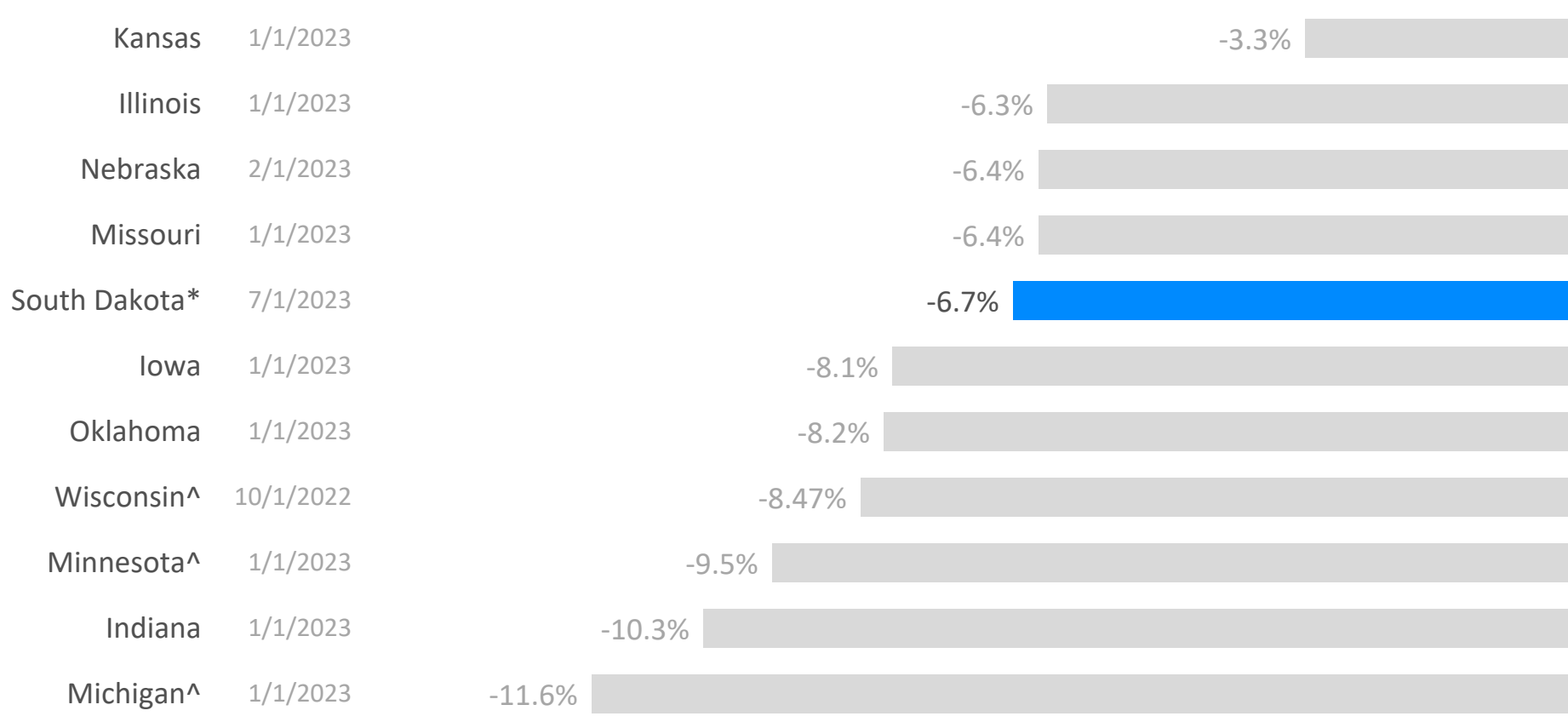


~Value shown is a rate level change; the IN and IL loss cost level changes are -6.2% and -10.3%, respectively.  
 Reflects the most recent experience filing in each jurisdiction as of 3/10/2023.  
 Due to the timing of the individual loss cost/rate filings, the figures shown may include changes from prior filing seasons.



# Current Voluntary Market Loss Cost/Rate Changes

## Midwestern States



\*Pending.

^An independent bureau state.

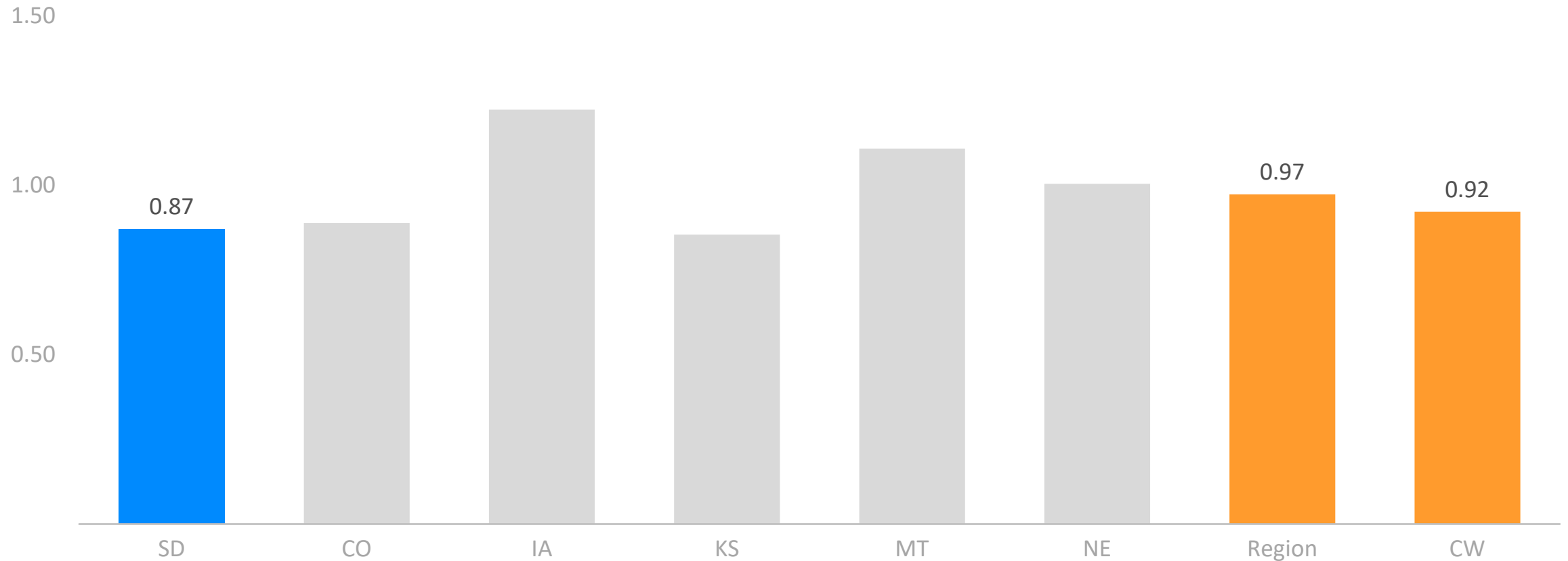
Reflects the most recent experience filing in each jurisdiction as of 3/10/2023.

Due to the timing of the individual loss cost/rate filings, the figures shown may include changes from prior filing seasons.



# Average Voluntary Pure Loss Costs

Using South Dakota Payroll Distribution



Based on approved rates and loss costs in various jurisdictions from filings using data valued as of 12/31/2020.



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